

# **FISCAL NOTE**

## **SB 1046 - HB 1312**

March 21, 2003

**SUMMARY OF BILL:** Revises Tennessee's inheritance tax law to match federal estate tax exemption levels. The exemption levels would be \$1,500,000 for 2004 and 2005, \$2,000,000 for 2006, 2007 and 2008 and \$3,500,000 in 2009 and subsequent years. To counter the loss in revenue to the state, the top tier of inheritance taxpayers would be subject to a rate increase from 9.5% to 14%.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - Net Impact - Not Significant FY04-05**  
**Net Impact - Not Significant FY05-06**  
**Net Impact - \$3,000,000 FY06-07**  
**Net Impact - \$3,000,000 FY07-08**  
**Net Impact - \$3,000,000 FY08-09**  
**Net Impact - \$14,000,000 FY09-10 and**  
**subsequent years**

Estimate assumes there would be no significant net decrease in state revenue for tax years 2004 or 2005, since the increased tax rates would offset most of any loss resulting from increasing the exemption level. However, when the exemption level rises from \$1,500,000 to \$2,000,000 in 2006, there will be an estimated decrease in state revenues of approximately \$3,000,000 in 2006, with a similar loss in 2007 and 2008. In 2009, the exemption rises to \$3,500,000 and remains there in subsequent years resulting in an estimated annual loss of revenue to the state of approximately \$14,000,000 beginning in tax year 2009.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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